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Beach woman charged with bingo theft

By BILL BURKE , The Virginian-Pilot

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VIRGINIA BEACH — The former president of an association that raises money for the training of competitive youth gymnasts has been charged with embezzling more than \$35,000 from the group's weekly bingo games, which generated more than \$1 million in revenue last year.

Julie A. Macaluso, 45, of Virginia Beach was arrested Tuesday and charged with embezzlement and forgery, both felonies, and a misdemeanor count of submitting a false report. The Association of Gymnastic Parents Inc., which she headed, helps pay for students to train at Excalibur Gymnastics on Arrowhead Road, which has produced some of the region's top gymnasts.

The arrest resulted from an investigation by the state Department of Charitable Gaming, which regulates fund-raising bingo games in Virginia. Members of the board of directors of the parents association alerted the state agency to the missing money, a gaming department news release said.

The state agency said Macaluso diverted "substantial sums of money" from the association's checking account, which she controlled, to three accounts belonging to her. Most of the transfers occurred via on line transactions from February 2003 to December 2003, the agency said.

In January 2004, the manager of the bingo game "went to withdraw funds to cover an \$8,000 jackpot and discovered there wasn't enough money in the account to cover the withdrawal," said Clyde E. Cristman, director of the gaming department.

Cristman said Macaluso has resigned from the parents association.

If convicted, Macaluso could be sentenced to up to 20 years in prison on the embezzlement charge and 10 years on the forgery charge. She also could be fined and ordered to make restitution.

Macaluso turned herself in to the Virginia Beach police and was released on bond.

Neither she nor her lawyer returned phone calls Tuesday.

Cristman said the investigation is one of 15 criminal probes that the gaming agency is conducting involving state organizations that sponsor bingo games.

It's the biggest criminal case involving charitable bingo in Hampton Roads since 1997, when five people were charged in a fraud scheme involving bingo games sponsored by boys' baseball associations in Portsmouth and Chesapeake. The defendants in that case received suspended sentences and were ordered to pay \$47,000 in restitution.

Jim Walker, an owner of Excalibur Gymnastics, said Tuesday that the parents association does not have an official relationship with the gymnastics club. He said that "about half, or slightly less than half," of Excalibur's competitive gymnasts are funded by the association. "The association does its own thing," Walker said.

Excalibur Gymnastics has produced several gymnasts who have competed nationally and internationally. A few have aspired to the U.S. Olympic team. An Excalibur gymnast was among the top candidates for a spot on the 2004 Olympic team in Athens, Greece, missing the final cut last weekend. Charitable bingo is a major money

maker for many local youth sports organizations.

Under state law, only nonprofit charitable organizations can conduct bingo games.

In its first two years of sponsoring bingo in 2002 and 2003, the parents association fell far short of state requirements for charitable fund-raising, state records show.

The organization's games, held on Saturday nights at Lynnhaven Bingo Hall in the 2600 block of Lishelle Place, generated \$1.1 million in total receipts in fiscal year 2003. Of that amount, only \$18,380, or 1.8 percent, went to charity, state records show. The gaming department requires that games grossing \$500,000 or more contribute at least 12 percent to charitable purposes.

A state audit completed in January produced a list of 10 problems related to the organization's financial practices in fiscal year 2002, when the group grossed \$524,779, less than 1 percent of which went to charity.

The audit was obtained by The Virginian-Pilot under the state Freedom of Information Act.

It noted that the association's bookkeeping procedures "did not adequately account for and control the receipts and disbursements of the gaming operations."

It also found other irregularities, including payments of checks totaling \$6,780 made payable to "FVB" or "cash" and endorsed by someone named Donna Callahan. "The organization did not have a record of how these funds were used," the audit concluded.

The organization could not produce invoices for fiscal year 2002, and the check register was incomplete and did not supply required information about the acquisition of bingo supplies, the report said.

The auditor issued a list of suggested corrective actions, including a requirement that all the organization's bingo workers attend a state bingo training session.

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